

Virginia Department of Business Assistance Small Business Programs Strength/Weakness Analysis

Handout to Commission Small Business Subgroup Meeting, July 6, 2010

Virginia Small Business Financing Authority

Strengths

- Timely programs that address an urgent and unmet need for many businesses and communities that is vital to job creation & retention - access to capital
- VSBFA staffers are professional lenders with extensive commercial bank experience.
- Programs are effective and efficient - ROI of \$5.89 after the first year for every \$1 invested by the Commonwealth; Overall portfolio leverage of \$30 in private activity financing for every \$1 in state funds invested; VSBFA overhead costs are only 1/2 of 1% (0.5%) of the total assets it manages.
- Programs are geared toward ease of use for the bank and the borrower.
- Funds are recycled, principal and interest are returned to the Commonwealth to be used for future loans.
- VSBFA has the infrastructure in place to be the Commonwealth's lender for any need. Experienced lenders & loan accounting & reporting system already in place. Already supporting programs at DSS/DEQ/DMBE/Tobacco Commission

Business Information Services

Strengths

- Highly productive and efficient team that touches almost 25,000 business clients on an annual basis.
- BIS products and services lead the state's efforts to support small businesses, a major area of emphasis for this administration.
- Strong team members perform in an environment of limited resources and in an often underappreciated market segment (small business).
- Flexibility of programs to address changing needs of the marketplace.

Weaknesses

- Total market penetration of product awareness is negatively impacted by the size and diversity of the market (230,000 business establishments with slightly more than 10% market penetration).
- Lack of a dedicated marketing support person to refine the message of each team and the agency.
- Small business market has historically not been the target of state incentives.
- The plethora of small business service providers creates market confusion among small business owners.
- Limited ability to leverage other groups in the agency.

